

induced dehydromerization of methanol using peroxides, such as DTBP, with or without the simultaneous free radical induced addition of methanol to formaldehyde,

- D. Optionally, the manufacture of isobutylene from t-butanol,
- E. Such purification steps as may be required to obtain a final product suited for its intended use including the purification of EG to obtain fiber-grade EG, and

The term "Field" shall also include related processes using organic peroxides for the manufacture of EG in which the overall sequence of steps remains the same, but one or more intermediate steps has been omitted or replaced by an equivalent or comparable step or a new step has been added.

1.2 The term "Net Sales Value" shall mean A times B where:

A is the respective gross invoice sales price to the trade in terms of U.S. dollars per unit of sale such as pound or ton or gallon less, where actually allowed or given: trade, cash and quantity discounts; sales fees to sales agents or distributors not employees of Celanese; transportation, insurance, and delivery costs; VAT, sales, and turnover taxes; duties; and returns or credits

given in lieu of returns or for customer settlement purposes; and B is the respective number of pounds or tons or gallons of EG, glycerine, acetone, and t-butanol sold or used, but not recycled or burned.

- 1.3 The term "R&D Phase" shall mean the period of time during which Celanese, with the cooperation of Redox, shall conduct research and development activities in the Field and Celanese shall pay fees to Redox as more particularly set forth in Section 2.3.
- 1.4 The term "Commercial Phase" shall mean (a) the period beginning on the date of Celanese approval for the first Celanese plant in the Field until termination of the Agreement or, if no such approval is given within 7 years of the date hereof, (b) the period of time following termination of the R&D Phase and ending June 30, 2005.
- 1.5 The term "Celanese Affiliates" shall mean those firms with respect to which Celanese directly or indirectly owns or controls at least 40% of the shares entitled to vote for Directors and, in those countries where governmental authorities limit such ownership, firms with respect to which Celanese owns the maximum percentage of shares permitted by the local government.
- 1.6 The term "North America" shall include the United States, Puerto Rico, Canada, Mexico and other countries

in the Western Hemisphere north of and including Panama, as well as the islands in or bordering on the Caribbean Sea.

- 1.7 The term "Celanese Technology" shall mean all Celanese technology now existing or hereafter developed or acquired by Celanese on or prior to the earlier date of (a) termination of this Agreement or (b) two years following start up of the first Celanese commercial plant, which technology Celanese possesses with a right to license others without accountability to third parties.
- 1.8 The term "Redox Technology" shall mean all Redox technology now existing or hereafter developed or acquired by Redox on or prior to the earlier date of (a) termination of this Agreement or (b) two years following start up of the first Celanese commercial plant, which technology Redox possesses with a right to license others without accountability to third parties.
- 1.9 The term "Celanese Patents" shall mean all Celanese patents, pending patent applications and patents issuing from such applications now existing or hereafter filed on or prior to the earlier date of (a) termination of this Agreement or (b) two years following start up of the first Celanese commercial plant in the Field, which patents Celanese possesses with a right to license others without accountability to third parties.

- 1.10 The term "Redox Patents" shall mean all Redox patents, pending patent applications, and patents issuing from such applications now existing or hereafter filed on or prior to the earlier date of (a) termination of this Agreement or (b) two years following start up of the first Celanese commercial plant, which patents Redox possesses with a right to license others without accountability to third parties.
- 1.11 The term "R&D Year" shall mean each period of 12 consecutive months commencing July 1, 1980.

## SECTION 2

- 2.1 Celanese, with the cooperation of Redox, shall conduct such research and development (R&D) in the Field, and shall pilot such step or steps as Celanese deems advisable, with a goal to achieving, by the end of 5 R&D Years, Celanese approval for a commercial plant in the Field. If such approval has been given by the end of 5 R&D Years, the R&D Phase shall cease on the date such approval is given and the Commercial Phase shall begin. If such approval has not been given by the end of 5 R&D Years, Celanese shall have a right to extend the term of the R&D Phase for a 6th R&D Year and, if such approval has not been given by the end of the 6th R&D Year, for a 7th R&D Year.

2.2 During the R&D Phase, Celanese shall pay Redox reasonable travel and living expenses for Redox personnel who are away from their home locations at the request of Celanese in connection with Redox cooperative work with Celanese in the Field.

2.3 During the R&D Phase, Celanese also shall pay to Redox:

\$[REDACTED] on July 1, 1981;

\$[REDACTED] on July 1, 1982;

\$[REDACTED] on July 1, 1983;

\$[REDACTED] on July 1, 1984;

if the R&D Phase is extended for a 6th R&D Year, \$[REDACTED] on July 1, 1985; and,

if the R&D Phase is extended for a 7th R&D Year, \$[REDACTED] on July 1, 1986.

All payments under this Section 2.3 shall be nonrefundable but one-fifth of the aggregate of such payments shall be applied to royalties paid to Redox by Celanese during each of the first five years such royalties may be due as hereinafter provided in this Agreement. If during any year the amount of the credit against royalties to which Celanese is entitled pursuant to this Section 2.3 exceeds the amount of royalties to Redox for such year, such excess shall be carried over from year to year thereafter until fully applied against such royalties.

2.4 During the R&D Phase, Celanese shall make the following fully allocated minimum expenditures for R&D work in the Field:

First R&D Year - \$ [REDACTED]  
Second R&D Year - \$ [REDACTED]  
Third R&D Year - \$ [REDACTED]  
Fourth R&D Year - \$ [REDACTED]  
Fifth and suc-  
ceeding R&D Years - \$ [REDACTED] per R&D year.

The accounting practices used in calculating Celanese R&D expenditures under this Agreement shall be those used by the Corpus Christi Technical Center of Celanese Chemical Company, Inc. in the normal course of accounting for other Corpus Christi Technical Center R&D expenditures.

- 2.5 Redox agrees to continue its own R&D work in the Field under the direction of Mr. John Kollar ("Kollar") during the R&D Phase and to consult with and keep Celanese informed concerning the same.
- 2.6 Celanese and Redox shall exchange progress reports in the Field and correspond, meet, discuss, and exchange information in the Field during the R&D Phase and, should Celanese continue into the Commercial Phase, for two years after the start up of the first Celanese commercial plant in the Field.
- 2.7 Redox warrants that:
- (a) All of its shareholders have executed confidentiality agreements in the form attached to this Agreement as Exhibit A;

- (b) Redox has taken all corporate action necessary to enable Redox to enter into this Agreement;
- (c) Redox has no agreement or understanding with any of its shareholders or with any third party which would prevent it from or interfere with its entering into and carrying out all of its obligations under this Agreement;
- (d) Kollar has no agreement or understanding with any Redox shareholder or with any third party which would prevent him from or interfere with devoting his required working activities to the business of Redox in the Field and carrying out the obligations required of him in the Field under this Agreement;
- (e) Nothing in this Agreement conflicts with the confidentiality, noncompetition or nonuse provisions of any employment agreement to which any Redox employee may be subject arising out of employment of such employee by a prior employer; and
- (f) Redox Technology in the Field has not previously been disclosed to any third parties except pursuant to secrecy and non-use agreements copies of all of which have been provided to Celanese.

2.8 Redox shall make Kollar available at Celanese facilities in the United States for consultation in the Field with Celanese for up to      days per year during each

R&D Year of the R&D Phase without any compensation by Celanese to Redox or Kollar other than that set forth in Section 2.3 and other than payment of out-of-pocket expenses reasonably and necessarily incurred by Kollar in connection with such consultation. On a case by case basis as reasonably agreed to by Redox and for fees mutually agreed upon by Redox and Celanese, Redox also shall make Kollar available for additional days of consultation in the Field during the R&D Phase. Celanese agrees that those days which Kollar spends with Celanese patent attorneys on patent matters in the Field shall be treated as consulting days under this Section 2.8.

### SECTION 3

3.1 Until June 30, 20 or such earlier date as the parties may agree, each party agrees to maintain in confidence and to require all licensees, sublicensees, consultants, contractors, and others properly given access to technology in the Field to maintain in confidence for at least 15 years all technology in the Field. Redox agrees for itself, its employees and its stockholders to maintain in confidence and not to use any Celanese Technology outside the Field to which Redox may gain access through consultation and cooperation with Celanese hereunder. The obligations of this Section 3.1 shall not apply to technology which (i) the receiving party



can demonstrate was known to it prior to October 23, 1979 or (ii) has been or is published through no fault of the receiving party or (iii) is received from a third party as a matter of right; provided, however, that technology which is specific as to equipment, products, operating conditions, materials used, etc. shall not be within the three exclusions merely because they are embraced by general disclosures or information. During the R&D Phase, Redox agrees to maintain in confidence the fact that it has entered into this Agreement with Celanese excepting such disclosures as shall already have been made and of which Celanese has been informed and excepting disclosures made with Celanese concurrence.

3.2 Celanese may terminate this Agreement at any time during or at the end of the R&D Phase by giving [REDACTED] days' written notice to Redox. In the event of such termination, Redox shall have a non-exclusive right to license to others all Celanese Patents and Technology conceived before termination to the extent the same are within the Field, and the following shall apply:

(a) If termination occurs after the critical major process steps in the Field have been demonstrated on a pilot plant basis, Celanese thereafter shall receive a [REDACTED]% share of all third party option payments, fees, and royalties collected by Redox, and Celanese and Celanese Affiliates shall enjoy a

non-exclusive right to use and operate under all Redox Patents and Technology in the Field under the terms set forth in Section 5.2 except that the royalty rates to be paid by Celanese shall be [REDACTED]% of those provided for in Section 5.2.

(b) If termination occurs earlier than as provided in Section 3.2(a), Celanese and Celanese Affiliates shall enjoy a non-exclusive right to use and operate under all Redox Patents and Technology in the Field under the terms set forth in Section

5.2, except that the royalty rates to be paid by Celanese shall be:

- (i) [REDACTED]% of those set forth in Section 5.2 if termination occurs prior to July 1, 1981;
- (ii) [REDACTED]% of those set forth in Section 5.2 if termination occurs between July 1, 1981 and June 30, 1982;
- (iii) [REDACTED]% of those set forth in Section 5.2 if termination occurs between July 1, 1982 and June 30, 1983;
- (iv) [REDACTED]% of those set forth in Section 5.2 if termination occurs between July 1, 1983 and June 30, 1984; and
- (v) [REDACTED]% of those set forth in Section 5.2 if termination occurs on or after July 1, 1984.

3.3 Redox agrees that Celanese and Celanese Affiliates shall have the right to utilize, under appropriate

secrecy/non-use agreements, any third party consultants, engineering contractors, construction contractors, and the like which they may elect in connection with Celanese and Celanese Affiliate R&D work in the Field and to design, engineer, construct and operate both a pilot plant and commercial plants in the Field.

#### SECTION 4

4.1 Celanese shall, with respect to all Celanese Patents and Redox Patents in the Field, with the cooperation of Redox, but at the expense of Celanese, conduct all patent searches, patent drafting, patent filings, patent prosecution, workings and maintenance of patents in a list of major EG producing countries, which list shall be agreed for each patent application, but Celanese shall have the right to limit foreign filings, in which case Redox may elect at its own expense to effect more extensive foreign filings, prosecute such additional foreign filings, and maintain the additional foreign patents granted. Title to all patents shall be with the inventing party. During the R&D Phase, should Celanese terminate this Agreement, Celanese agrees to continue patent work hereunder at its sole expense for a six-month transition period during which Celanese will turn over such patent work to Redox in an orderly manner.

4.2 In filing and prosecuting Redox Patents, Celanese agrees to copy Redox with all written materials in advance of each action to be taken or not taken and each paper to be filed in adequate time for Redox to review such action or paper and make objection thereto if Redox so desires, and, where deemed to be reasonable, to adopt suggestions from Redox relative to these matters so as to obtain the strongest possible patent position.

4.3 The parties agree to cooperate one with another in the event any third party patent infringement action is threatened or filed in the Field by or against either party or any third party licensed by either party.

(a) In the event any suit for patent infringement is threatened or filed by any third party against Celanese or a Celanese Affiliate or a Celanese licensee solely or jointly with others because of operations in the Field, Celanese shall have the right, at its sole expense, to defend such suit, to have sole charge and direction of the defense thereof, and to retain all sums if any which are recovered. In any such action, Redox shall have the right to representation by advisory counsel of its own selection at its own expense.

(b) In the event any suit for patent infringement is threatened or filed by any third party against Redox or a licensee of Redox because of operations

in the Field, Redox shall have the right, at its sole expense, to defend such suit, to have sole charge and direction of the defense thereof, and to retain all sums if any which are recovered. In any such action, Celanese shall have the right to representation by advisory counsel of its own selection at its own expense.

- (c) In the event that either party does not exercise the right to defend as above set forth, the other party may if it so elects take charge of such defense under the same conditions as set forth above for the party having the first right to defend.

4.4. The parties agree to cooperate one with another in the event any third party is infringing any Celanese Patent or Redox Patent in the Field or is breaching the secrecy and non-use agreements referred to in subsection 2.7(f).

- (a) In the event such infringement or breach takes place in North America, Celanese shall have the right, at its sole expense, to prosecute such infringement or breach suit, to have sole charge and direction thereof, and to retain all sums recovered up to the amount of the expenses it has incurred in prosecuting the suit. Celanese shall divide evenly with Redox all sums in excess of its expenses. In any such action, Redox shall have the right to representation by advisory counsel of its own selection at its own expense.

(b) In the event such infringement or breach takes place in other than North America, Redox shall have the right, at its sole expense, to prosecute such infringement or breach suit, to have sole charge and direction thereof, and to retain all sums recovered up to the amount of the expenses it has incurred in prosecuting the suit. Redox shall divide evenly with Celanese all sums in excess of its expenses. In any such action, Celanese shall have the right to representation by advisory counsel of its own selection at its own expense.

(c) In the event that either party does not exercise the right to prosecute as above set forth, the other party may if it so elects take charge of such suit under the same conditions as set forth above for the party having the first right to prosecute such suit. In the event of such election the party having the first right to prosecute such suit shall execute such assignments of its claim and other documents as may be necessary to enable the other party to prosecute such suit.

4.5 Nothing in Sections 4.3 or 4.4 shall authorize either party to settle any suit without the consent of the other party if by such settlement the other party is obligated to make any monetary payment, to part with any property, to assume any obligation, to be subject to any injunction, or to grant any license under Celanese Patents or Redox Patents.

- 4.6 Neither party shall license any third party under any Celanese Patents, Celanese Technology, Redox Patents or Redox Technology during the R&D Phase and, should Celanese proceed with the Commercial Phase, until the start-up of the first Celanese commercial plant.

## SECTION 5

~~5.1 During the Commercial Phase, Celanese shall have a~~  
license under Redox Patents and Redox Technology in the Field to design, engineer, construct and operate a pilot plant and one or more commercial plants, to sell the resultant products, and to sublicense others in the Field in North America, which right, except to sell the resultant products, shall be exclusive for the term of this Agreement.

5.2 For resultant products from commercial plants in the Field in North America Celanese and Celanese Affiliates shall pay to Redox running royalties which are the lessor of:

- (a) [REDACTED] % of Net Sales Value; or
- (b) [REDACTED] of the lowest rate Redox grants to any other party during the first four years of commer-

cial operation of the first Celanese or Celanese Affiliate plant but in no event less than [REDACTED] of [REDACTED] % of Net Sales Value.

5.3 The term during which Celanese and Celanese Affiliates shall pay the running royalties provided for in Section 5.2 for each such commercial plant shall be the shorter of:

- (a) [REDACTED] years from the date of commercial start-up of the commercial plant; or
- (b) [REDACTED] of the shortest term in any license Redox grants to any other party during the first four years of commercial operation of the first Celanese or Celanese Affiliate plant.

5.4 Notwithstanding Sections 5.2 and 5.3, at the end of the [REDACTED] year of commercial operation of the first Celanese or Celanese Affiliate plant at capacity or after the equivalent production over a period longer than [REDACTED] years, the running royalty rate in North America shall be reduced to the lower of:

- (a) [REDACTED] % of [REDACTED] % of Net Sales Value; or
- (b) that percentage of the total "New Plant EG Design Capacity," as hereinafter defined, then in commercial operation in the United States (including Celanese and Celanese Affiliate design capacity), which has been licensed in the Field, commencing with the commercial operation of the first Celanese or Celanese Affiliate plant in the Field, multiplied by [REDACTED] % of Net Sales Value.



"New Plant EG Design Capacity" shall mean built following the commercial operation of the first Celanese or Celanese affiliate plant in the Field.

- 5.5 Notwithstanding Sections 5.2, 5.3 and 5.4, if at any time Redox grants to any third party licensee in the Field a paid up "cap" on royalties, Celanese and Celanese Affiliates shall enjoy a paid up "cap" which is equal to ~~10~~% of the lowest "cap" granted to any such third party.
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- 5.6 During the Commercial Phase, Redox agrees to make Kollar available, at fees to be agreed upon between Celanese and Redox, for design, start-up and operational consultation in the Field for up to ~~10~~ days per year for the period ending two years following the start-up of the first Celanese or Celanese Affiliate commercial plant.
- 5.7 During the Commercial Phase, Redox shall have an exclusive license, with the right to sublicense, under Celanese Patents and Celanese Technology in the Field in other than North America.
- 5.8 Celanese may refuse access to its facilities in the Field to any Redox license or contractor or to any other person or entity where Celanese, in its sole discretion, determines that permitting such access would be contrary to Celanese's best interests.

5.9 Redox agrees it will license in the Field under its then normal licensing terms any Celanese Affiliate and any third party company Celanese nominates outside of North America and that it will grant no licenses inconsistent with this commitment. Notwithstanding the preceding sentence, in the event any such Celanese Affiliate elects to receive substantially all technical assistance in implementing such license from Celanese rather than from Redox, the royalties paid by such Celanese Affiliate shall be those set forth in Sections 5.2, 5.3, 5.4 and 5.5.

5.10 The parties agree to share equally all option payments, fees, and royalties collected in the Field during the Commercial Phase from parties other than Celanese and Celanese Affiliates.

5.11 All licenses in the Field by both parties shall permit the unrestricted sale of EG and other products in all countries by all licensees and sublicensees.

5.12 This Agreement shall terminate June 30, 2000 following which each party (including Celanese Affiliates) shall have a fully paid up license under the patents and technology of the other in the Field. After such termination date, neither party shall share any royalties with the other party.

5.13 Each party agrees that, in licensing and sublicensing the technology of the other hereunder, it will disclose and permit access only to commercial plant information and not to R&D information in the Field.

## SECTION 6

- 6.1 Redox grants to Celanese an option, together with a right of first refusal, to acquire a license from Redox on terms similar to those in this Agreement with respect to a process or step(s) of a process as set forth in the definition of the Field, which process or step(s) lie(s) outside the Field but is/are based upon the process or the step(s) in the definition of the Field.
- 6.2 Notwithstanding Section 5.1, Redox shall retain the right to license Redox Technology and Redox Patents and shall be granted the right to license Celanese Technology and Celanese Patents in the Field, to any licensee in North America so long as less than █% of the Net Sales Value of product manufactured by such licensee is EG, exclusive of peroxide-derived co-products. Redox further agrees to pay to Celanese a running royalty of █% of the Net Sales Value of the EG produced by each such licensee for so long as Redox collects a royalty on products other than EG, but in no event for less than 10 years for each such licensee.
- 6.3 For so long as Celanese is not in default under this Agreement, Redox grants to Celanese an option, together with a right of first refusal, to license from Redox on terms similar to those in this Agreement, any improved process which Redox discovers for the manufacture of any monomer, intermediate, solvent, or multifunctional

acrylate which at the time the improvement is made is in the regular commercial product line of Celanese Chemical Company, Inc.

6.4 Redox warrants that:

- (a) It has secured executed agreements from each of its stockholders providing that, if at any time during the R&D Phase any stockholder of Redox wishes to sell any of his/her or its stock to other than another then existing Redox stockholder, or in the event such stockholders would vote to cause Redox to merge with or sell any of its assets, tangible or intangible, to other than a then existing Redox stockholder, Celanese shall have a right of first refusal to purchase such stock or assets or to effectuate such merger, on the same financial terms as those offered to any third party purchaser; and
- (b) During the R&D Phase, Redox will not permit transfer of ownership of any of its shares of stock or any of its assets to other than a then existing stockholder of Redox without a prior written waiver by Celanese, in each case, of the right of first refusal granted in Section 6.4(a).

## SECTION 7

- 7.1 This Agreement contains the entire agreement of the parties, supersedes all prior agreements, oral or written, between the parties, including the October 23, 1979 secrecy agreement between Celanese Chemical Company, Inc. and Redox and including the July 1, 1980 Heads of Agreement between Celanese and Redox, and may not be modified or amended except in a writing signed by authorized officers of both parties.
- 7.2 Any delays in or failure by either party in performance hereunder shall be excused if and to the extent that such delays or failures are caused by occurrences beyond such party's control, including but not limited to acts of God, decrees or restraints of government, strikes or other labor disturbances, war, sabotage and any other cause or causes, whether similar or dissimilar to those already specified, which cannot be controlled by such party. Such performance shall be so excused during the inability of the party to perform, but for no longer period, and the cause thereof shall be remedied as far as possible with all reasonable dispatch, provided, however, that neither party shall be obligated to settle any litigation, labor dispute or other bona fide controversy.
- 7.3 All notices to be given under this Agreement shall be by registered or certified mail, to the following addresses and effective on the day mailed:

If to Redox, to:

Redox Technologies, Inc.  
6 Spencer Court  
Wyckoff, New Jersey 07481

Attention: President

If to Celanese to:

Celanese Chemical Company, Inc.  
P.O. Box 47320  
1250 W. Mockingbird Lane  
Dallas, Texas 75247

Attention: President

with a copy to:

Celanese Corporation  
1211 Avenue of the Americas  
New York, New York 10036

Attention: Secretary

- 7.4 The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of New York.
- 7.5 This Agreement shall be binding upon the successors or permitted assigns of either party hereto, but shall not be assignable by either party without the written consent of the other except that Celanese may without consent assign this Agreement to a transferee of its entire EG business activities.
- 7.6 The parties agree to take no action which would violate the laws or regulations of any country, including but